

## Bangladesh Shoe Industry Uses e-Commerce Tools to Prosper

The USAID sponsored Jobs Opportunities and Business Support (JOBS) Program<sup>1</sup> in Bangladesh illustrates how innovative business development services can leverage a variety of e-commerce tools across business processes to help an industry prosper, dramatically increasing exports, revenue to local businesses and employment for women.

### Critical Tools to Target Business Development Services

The JOBS Program began a three year plan in 1998 to increase exports of shoes to Japan from Bangladesh, one of the world's poorest countries. By most measures, Bangladesh was unlikely place to find an sector development effort taking full advantage of electronic commerce techniques. At that time, shoe exports to Japan totaled 160,000 pairs valued at US\$ 2.6 million, most of which was from only two or three manufacturers in Bangladesh. Japan was a likely target for increased exports because it did not charge duty on imports from Bangladesh.

**Conducting Market Research.** Electronic commerce tools were an integral part of the JOBS Program's plan. Much of the initial market research to select the shoe industry's exports to Japan was conducted via various websites offering information on the Japanese market, the shoe industry in particular, and the export of shoes from Bangladesh.

**Finding Industry Experts and the Key Industry Fair.** Once the industry was targeted, the team used websites to track down a shoe design expert for the Japanese market. This expert came to Bangladesh to review shoe designs and prepare the firms to attend the important shoe industry fair in Japan. In fact, the industry fair itself was identified by the team by more web-based market research and all fair registration was conducted via the web. To prepare to attend the fair, the project team also paid for membership-only access to the key Japanese shoe industry website for the targeted Bangladeshi factories involved in the program. From that site, they were able to learn details regarding shoe design, fashion forecasts, trend analysis, and other players in the industry. Based on this information, the program provided training to the enterprises in product design, production processes, and quality control.



**Virtual Factory Tours and More.** Based on the information learned on the industry, the program helped the three firms develop CD-ROMs for eight Bangladeshi enterprises attending the fair. The CD ROMs provided information to prospective customers on the firms' designs, factory capabilities, sample shoes, workers' environment, production and quality control capabilities and a virtual factory tour. These CD-ROMs are a primary example of how Internet based e-commerce tools can be complemented well by other media to increase economic growth. The CD-ROMs significantly boosted the confidence of the buyers in Japan.

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<sup>1</sup> Implemented by the IRIS (Institutional Reform and the Informal Sector) Center at the University of Maryland. See <http://www.iris.umd.edu/adass/proj/bangladesh.asp>

***Dealing with Customers and Suppliers.*** Based on the program's work, the Bangladeshi enterprises began receiving orders from Japanese buyers. Much of the communications with these buyers was conducted via e-mail, reducing the costs of communication over fax and express delivery services. The buyers often sent pictures of the products they wanted or adjustments needed in samples sent. Also, some of the Bangladeshi firms were able to use electronic commerce to track down and source raw materials from new suppliers.

### **Results: Growth in Revenue, Employment, e-Commerce Skills and Confidence**

After the program's first year, shoe exports increased from 160,000 pairs to 200,000 (US\$ 4.4 million). By the program's end, exports had increased to 933,000 pairs (2001) valued at US\$ 20.5 million. Initially, three firms exported shoes to Japan. At the program's close, 10 firms were exporting shoes and almost 200 new jobs were created. These gains also affected poor women in villages nearby the factories. The shoes exported required much handiwork which was not possible in the factory set-up. The factories sub-contract this work to a group of village women, who complete the work in their homes and deliver it to the factory. For example, one of the shoe factories contracts with four groups of women, almost 120, to do such hand stitching.



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